

CITY OF COTTONWOOD FALLS
CHASE COUNTY, KANSAS
INDEPENDENT AUDITORS' REPORT AND
REGULATORY BASIS FINANCIAL STATEMENT
YEAR ENDED DECEMBER 31, 2012

ALDRICH AND COMPANY LLC
CERTIFIED PUBLIC ACCOUNTANTS
COUNCIL GROVE, KANSAS 66846

City of Cottonwood Falls
Chase County, Kansas

REGULATORY BASIS FINANCIAL STATEMENT
Year Ended December 31, 2012

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ALDRICH & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditors' Report

Mayor and City Council
City of Cottonwood Falls, Kansas

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of the City of Cottonwood Falls, Kansas, as of and for the year ended December 31, 2012 and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the Kansas Municipal Audit and Accounting Guide as described in Note 1 to meet the financial reporting requirements of the State of Kansas. Management is also responsible for the design, implementation and maintenance of internal controls relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the Kansas Municipal Audit and Accounting Guide. Those standards require we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statement, the financial statement is prepared by the City of Cottonwood Falls, Kansas to meet the requirements of the State of Kansas on the basis of the financial reporting provisions of the Kansas Municipal Audit and Accounting Guide, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City of Cottonwood Falls, Kansas, as of December 31, 2012, or the changes in financial position and cash flows for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the City of Cottonwood Falls, Kansas, as of December 31, 2012, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the Kansas Municipal Audit and Accounting Guide described in Note 1.

Report of Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget, individual fund schedules of regulatory basis receipts and expenditures-actual and budget, schedule of regulatory basis receipts and disbursements-agency funds (Schedules 1, 2 and 3 as listed in the table of contents) are presented for analysis and are not a required part of the basic financial statement, however are required to be presented under the provisions of the Kansas Municipal Audit and Accounting Guide. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statement as a whole, on the basis of accounting described in Note 1.

Aldrich & Company, LLC

Aldrich & Company, LLC
July 11, 2013

City of Cottonwood Falls
Chase County, Kansas

Summary Statement of Receipts, Expenditures, and Unencumbered Cash
Regulatory Basis
For the Year Ended December 31, 2012

Fund	Beginning Unencumbered Cash Balance	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
General Fund	\$ 60,858	\$ 409,803	\$ 416,914	\$ 53,747	\$ 14,446	\$ 68,193
Special Purpose Funds:						
Sales Tax Fund	107,429	87,444	34,506	160,367		160,367
Special Highway	42,797	23,499	3,207	63,089		63,089
Special Parks & Recreation	2,028	1,572	2,657	943		943
Municipal Equipment Reserve	22,021	1,114	21,556	1,579		1,579
Swope Park Equipment	7,376	0	1,065	6,311		6,311
Streetscape	5,586	0	322	5,264	43	5,307
Community Building Equipment	85	0	0	85		85
Veterans Memorial	9,527	425	382	9,570		9,570
Cottonwood Falls Volunteers	80	0	0	80		80
Bond and Interest Fund:						
Bond and Interest	20,698	2,359	20,761	2,296		2,296
Business Funds						
Sewer Fund	43,014	44,189	36,145	51,058	525	51,583
Solid Waste Fund	29,434	96,160	102,712	22,882	3,194	26,076
Water Fund	(7,550)	163,758	158,993	(2,785)	6,639	3,854
Total Reporting Entity (Excluding Agency Funds)	<u>\$ 343,383</u>	<u>\$ 830,323</u>	<u>\$ 799,220</u>	<u>\$ 374,486</u>	<u>\$ 24,847</u>	<u>\$ 399,333</u>

Composition of Cash:

Checking	\$ 155,546
Certificates of Deposit	250,000
Petty cash - City Clerk	150
	<u>405,696</u>
Less: Agency Funds per Schedule 3	<u>(6,363)</u>
Total Reporting Entity (Excluding Agency Funds)	<u>\$ 399,333</u>

The accompanying notes to the financial statement are an integral part of this statement.

City of Cottonwood Falls
Chase County, Kansas

Notes to the Financial Statement
December 31, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Municipal Financial Reporting Entity

The City of Cottonwood Falls is a governmental entity governed by an elected five-member council and mayor. The City's major operations include public safety and transportation, culture and recreation, and general administrative services. The City also operates three major business type activities: a sewer system, a solid waste system, and a water system.

This financial statement presents the City of Cottonwood Falls (the municipality) but does not include any related municipal entities of the City of Cottonwood Falls.

Regulatory Basis Fund Types

The accounts of the City are organized and operated on the basis of funds, which are used to record the City's financial transactions. A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts. Cash and other financial resources are recorded together with all related expenditures. A fund is used to segregate specific activities and for the purpose of attaining certain objectives in accordance with special regulations, restrictions, or limitations including State Statutes and City Ordinances. The following types of funds compromise the financial activities of the City.

General Fund - the chief operating fund. It is used to account for all resources except those required to be accounted for in another fund.

Special Purpose Fund – used to account for the proceeds of specific tax levies and other specific revenue sources (other than capital projects and tax levies for long-term debt) that intended for specified purposes.

Bond and Interest Fund – used to account for the accumulation of resources, including tax levies, transfers from other funds and payment of general long-term debt.

Business Fund - funds financed in whole or in part by fees charged to users of the goods or services (i.e. enterprise and internal service fund etc.).

Agency Fund – funds used to report assets held by the municipal reporting entity in a purely custodial capacity.

Basis of Accounting

Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America

The Kansas Municipal Audit and Accounting Guide (KMAAG) regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investment balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis revenues and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.

The City has approved a resolution that is in compliance with K.S.A. 75-1120a(c) waiving the requirement of application of generally accepted accounting principles and allowing the city to use the regulatory basis of accounting.

City of Cottonwood Falls
Chase County, Kansas

Notes to the Financial Statement
December 31, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

Use of Estimates

The preparation of the financial statement in conformity with the regulatory basis of accounting requires management to make estimates and assumptions that affect the reported amounts of cash receipts, cash disbursements, cash and unencumbered cash balances, and expenditures at the date of the financial statement. Accordingly, actual results could differ from those estimates.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special purpose funds (unless specifically exempted by statute), bond and interest funds, and business funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5th.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held, and the governing body may amend the budget at that time. There were no such amendments for this year.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison schedules are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the regulatory basis of accounting in which revenues are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

A legal operating budget is not required for capital projects funds, trust funds, and the following special purpose funds: equipment reserve funds, streetscape, veterans memorial and cottonwood falls volunteers funds.

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

City of Cottonwood Falls
Chase County, Kansas

Notes to the Financial Statement
December 31, 2012

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONT)

Compliance with Finance-Related Legal and Contractual Provisions.

References made herein to the statutes are not intended as interpretations of law, but are offered for consideration of the Director of Accounts and Reports and legal representatives of the municipality.

The Water Utility showed a negative unencumbered cash balance at year end of (\$2,785), which is in violation of K.S.A 10-1113. The actual cash balance showed a positive balance, but after recording accounts payable and encumbrances, as required by the Kansas regulatory basis of accounting, the unencumbered cash fund balance was negative.

Management is not aware of any other items of noncompliance with Kansas statutes.

NOTE 3 - DEPOSITS AND INVESTMENTS

K.S.A. 9-1401 establishes the depositories which may be used by the City. The statute requires banks eligible to hold the City's funds have a main or branch bank in the county in which the City is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The City has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the City's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The City has no investment policy that would further limit its investment choices.

Concentration of credit risk

State statutes place no limit on the amount the City may invest in any one issuer as long as the investments are adequately secured under 9-1402 and 9-1405.

Custodial credit risk – deposits

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require the City's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. All deposits were legally secured at December 31, 2012.

At year-end, the carrying amount of the City's deposits was \$405,546 and the bank balance was \$408,134. The bank balance was held by two banks resulting in a concentration of credit risk. The entire bank balance was covered by FDIC insurance.

The city held no investments December 31, 2012.

NOTE 4 - PROPERTY TAXES

The city certifies its' budget to the county clerk annually. Using this certified budget and those of other political subdivisions within the county, the county clerk spreads the annual assessment onto the tax rolls and levies property tax on November 1 of each year. The property tax is payable in two installments. The first installment is due December 20th of the same year, and the second installment is due May 10 of the subsequent year. The county treasurer collects and distributes the property taxes. In accordance with state statutes, property taxes levied during the current year are a revenue source to be used to finance the following year's operations.

City of Cottonwood Falls
Chase County, Kansas

Notes to the Financial Statement
December 31, 2012

NOTE 5 – OPERATING LEASE

The City entered into a twenty-year lease agreement for an easement regarding the road to the water plant with Elmo Starkey for \$750 per year in November 1997.

The following is a schedule of the future operating lease payments due to Elmo Starkey:

<u>Year</u>	<u>Amount Due</u>
2013	750
2014	750
2015	750
2016	750
2017	750

NOTE 6 - LONG-TERM DEBT

The City of Cottonwood Falls issued General Obligation Bonds in 2002 for water plant bond refunding to be retired through calendar year 2012. Annual payments of principal and or interest were due on 3/1 and 9/1 of each year with the final payment made on 9/1/2012. Payments on these bonds were made from the Bond & Interest Fund.

The City entered into a lease agreement with Cottonwood Valley Bank for the purchase of a Caterpillar Backhoe Loader on November 12, 2009. The city made an initial payment of \$2,850 and fifty-seven monthly payments of \$942.53 are scheduled. The first monthly payment was made in December, 2009. The lease terminates in any budgeted year in which insufficient appropriated funds exist to meet the lease obligation, and the City must return the leased equipment to the lessor. Payments are made from the equipment reserve fund or general fund.

The City entered into a lease agreement with Cottonwood Valley Bank for the purchase of a Bobcat Skid-Steer Loader on December 8, 2009. The city made an initial payment of \$2,570 and fifty-seven monthly payments of \$853.79 are scheduled. The first monthly payment was made in January, 2010. The lease terminates in any budgeted year in which insufficient appropriated funds exist to meet the lease obligation, and the City must return the leased equipment to the lessor. Payments are made from the equipment reserve fund or general fund.

The City entered into a lease agreement with Cottonwood Valley Bank for the purchase of a 2004 Sterling Trash Truck on April 25, 2012 for \$33,500. Thirty-six monthly payments of \$993.94 are scheduled, beginning May 25, 2012. The lease terminates in any budgeted year in which insufficient appropriated funds exist to meet the lease obligation, and the City must return the leased equipment to the lessor. Payments are made from the solid waste fund or general fund.

City of Cottonwood Falls
Chase County, Kansas

Notes to the Financial Statement
December 31, 2012

NOTE 6 - LONG-TERM DEBT (CONT)

Changes in long term liabilities for the year ended December 31, 2012 were as follows:

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Beginning Balance	Additions	Reductions/ Payments	Ending Balance	Interest Paid
General Obligation Bonds:									
2002 Water Plant Refunding									
Series 2002	1.7-3.8%	12/15/2002	\$ 412,500	9/1/2012	\$ 20,000	\$ 0	\$ 20,000	\$ 0	\$ 760
Capital Leases Payable:									
Backhoe	4.50%	11/12/2009	51,070	8/12/2014	29,119	0	11,092	18,027	1,161
Skid Steer	4.50%	12/8/2009	46,317	9/5/2014	27,225	0	10,009	17,216	1,090
Trash Truck	4.25%	4/25/2012	33,500	4/25/2015	0	33,500	6,157	27,343	801
					<u>\$ 76,344</u>	<u>\$ 33,500</u>	<u>\$ 47,258</u>	<u>\$ 62,586</u>	<u>\$ 3,812</u>

Current maturities on long term debt and interest for the next five years and in five year increments through maturity are as follows:

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018 & thereafter</u>	<u>Total</u>
PRINCIPAL							
Backhoe Lease	\$ 10,711	\$ 7,316	\$ 0	\$ 0	\$ 0	\$ 0	\$ 18,027
Skid Steer Lease	9,669	7,547	0	0	0	0	17,216
Trash Truck Lease	<u>10,977</u>	<u>11,453</u>	<u>4,913</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>27,343</u>
Total principal	<u>31,357</u>	<u>26,316</u>	<u>4,913</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>62,586</u>
INTEREST							
Backhoe Lease	599	124	0	0	0	0	723
Skid Steer Lease	576	138	0	0	0	0	714
Trash Truck Lease	<u>950</u>	<u>474</u>	<u>52</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,476</u>
Total interest	<u>2,125</u>	<u>736</u>	<u>52</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,913</u>
Total Principal and Interest	<u>\$ 33,482</u>	<u>\$ 27,052</u>	<u>\$ 4,965</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 65,499</u>

NOTE 7 – OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS

Compensated Absences

The City employees earn and accumulate up to 5 days of vacation during the first year of employment, earn 10 days and accumulate 15 days up to 7 years of employment, and earn 15 days and accumulate 15 days thereafter. Employees having accumulated more vacation days before the August 2, 1993 adoption of this policy are allowed to carry forward those days under the prior policy. The City's full-time employees earn up to 12 days per year of sick time and part-time employees earn up to 6 days per year. No employee may accumulate more than 100 days of sick leave and no sick pay is paid upon separation of service. Compensated absence payments are made from the fund that corresponds to the employees duties.

City of Cottonwood Falls
Chase County, Kansas

Notes to the Financial Statement
December 31, 2012

NOTE 7 – OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS (CONT)

Other Post Employment Benefits

As provided by K.S.A. 12-5040, the City allows retirees to participate in the group health insurance plan until age 65. While each retiree pays the full amount of the applicable premium, conceptually, the City is subsidizing the retirees because each participant is charged a level premium regardless of age. However, the cost of this subsidy has not been quantified in this financial statement.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured. There is no cost to the City under this program.

NOTE 8 - DEFINED BENEFIT PENSION PLAN

Plan description The City of Cottonwood Falls participates in the Kansas Public Employees Retirement System (KPERS), a cost sharing multiple-employer defined pension benefit plan as provided by K.S.A. 74-4901, *et seq.* KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S. Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

Funding policy K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. Effective July 1, 2009 KPERS has two benefit structures and funding depends on whether the employee is a Tier 1 or Tier 2 member. Tier 1 members are active and contributing members hired before July 1, 2009. Tier 2 members were first employed in a covered position on or after July 1, 2009. Kansas law establishes the KPERS member-employee contribution rate at 4% of covered salary for Tier 1 members and 6% of covered salary for Tier 2 members. The employer collects and remits member-employee contributions according to the provisions of section 414(h) of the Internal Revenue Code. Kansas law provides that employer contribution rates be determined annually based on the results of an annual actuarial valuation. KPERS is funded on an actuarial reserve bases. Kansas law sets a limitation on annual increases in the employer contribution rates.

NOTE 9 – RISK MANAGEMENT

The city is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For 2012, the city was unable to obtain worker's compensation insurance at a cost it considered to be economically justifiable. For this reason, the city joined together with other cities in the State to participate in the Kansas Municipal Insurance Trust (KMIT), a public entity risk pool currently operating as a common risk management and insurance program for participating members.

The city paid an annual premium to KMIT for its worker's compensation insurance coverage. The agreement to participate provides that the KMIT will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of a specified amount for each insured event. Additional premiums may be due if total claims for the pool are different than what has been anticipated by KMIT management.

The city continues to carry commercial insurance for all other risks of loss, including property and liability insurance. There were no significant reductions in coverage from coverage in place in prior years.

City of Cottonwood Falls
Chase County, Kansas

Notes to the Financial Statement
December 31, 2012

NOTE 10 – SUBSEQUENT EVENTS

The City of Cottonwood Falls has approved a water line improvement project in the city at an estimated cost of \$1.6 million. The city has been awarded a \$500,000 Community Development Block Grant and a \$1.1 million loan from the Kansas Department of Health & Environment to finance the improvements. The City is still in the planning stage of the project and anticipates beginning construction in 2013.

The City of Cottonwood Falls joined together with the City of Strong City and the Rural Water District No. 1 to form Public Wholesale Water Supply District No. 26. The purpose of the District is to produce, treat, transport, distribute, and sell an adequate source of water wholesale to its members, including the City of Cottonwood Falls, in the future. The District is planning a capital project at an estimated cost of \$5,270,000, to construct the necessary facilities and equipment to fulfill this purpose.

REGULATORY-REQUIRED
SUPPLEMENTARY INFORMATION

City of Cottonwood Falls
Chase County, Kansas

Schedule 1

Summary of Expenditures – Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2012

FUNDS	Certified Budget	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Favorable (Unfavorable)
General Fund	\$ 502,908	\$ 0	\$ 502,908	\$ 416,914	\$ 85,994
Special Purpose Funds:					
Sales Tax	160,019	0	160,019	34,506	125,513
Special Highway	58,793	0	58,793	3,207	55,586
Special Parks & Recreation	4,270	0	4,270	2,657	1,613
Bond and Interest Funds:					
Bond and Interest Fund	23,891	0	23,891	20,761	3,130
Business Funds:					
Sewer Fund	99,265	0	99,265	36,145	63,120
Solid Waste Fund	135,383	0	135,383	102,712	32,671
Water Fund	193,724	0	193,724	158,993	34,731

See Accompanying Auditors' Report.

City of Cottonwood Falls
Chase County, Kansas

Schedule 2-A

GENERAL FUND
Schedule of Receipts and Expenditures – Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2012

	Current Year		Variance
	Actual	Budget	Favorable (Unfavorable)
Cash Receipts			
County Tax	\$ 314,868	\$ 311,876	\$ 2,992
Liquor Tax	1,572	1,558	14
Community Building Rent	4,650	2,700	1,950
Court Fees	1,453	1,100	353
Franchise Fees	41,286	40,000	1,286
Interest on Idle Funds	2,095	1,450	645
Licenses and Permits	235	420	(185)
Municipal Building Rental	5,172	5,300	(128)
Park Rental	2,655	2,500	155
Street	0	50	(50)
Swimming Pool	19,910	17,850	2,060
Misc Reimbursements and Other	15,907	13,750	2,157
Transfers in	0	3,130	(3,130)
Total Cash Receipts	409,803	401,684	8,119
Expenditures			
General Government	134,054	122,450	(11,604)
Streets	43,494	56,000	12,506
Airport	1,960	2,700	740
Pool	37,927	45,500	7,573
Parks	37,628	26,260	(11,368)
Public Safety	25,815	26,500	685
Employee Benefits	38,946	47,500	8,554
Law Enforcement	9,000	9,250	250
Housing Authority	9,600	10,200	600
Industrial Development	4,000	4,250	250
Noxious Weed	65	240	175
Dump	948	4,000	3,052
Capital Outlay	68,327	146,058	77,731
Water fund expenditures	5,150	2,000	(3,150)
Total Expenditures and Transfers Subject to Budget	416,914	502,908	85,994
Receipts Over (Under) Expenditures	(7,111)	\$ (101,224)	\$ 94,113
Unencumbered Cash, January 1	60,858		
Unencumbered Cash, December 31	\$ 53,747		

See Accompanying Auditors' Report.

City of Cottonwood Falls
Chase County, Kansas

Schedule 2-B

Schedule of Receipts and Expenditures – Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2012

SALES TAX FUND

	Current Year		Variance Favorable (Unfavorable)
	Actual	Budget	
Cash Receipts			
Sales Tax	\$ 80,010	\$ 80,000	\$ 10
Sidewalk Reimbursements	7,434	0	7,434
Total Cash Receipts	87,444	80,000	7,444
Expenditures			
Capital outlay	34,506	160,019	125,513
Total Expenditures	34,506	160,019	125,513
Receipts Over (Under) Expenditures	52,938	<u>\$ (80,019)</u>	<u>\$ 132,957</u>
Unencumbered Cash, January 1	107,429		
Unencumbered Cash, December 31	<u>\$ 160,367</u>		

See Accompanying Auditors' Report.

City of Cottonwood Falls
Chase County, Kansas

Schedule 2-C

Schedule of Receipts and Expenditures – Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2012

SPECIAL HIGHWAY (GAS TAX) FUND

	Current Year		Variance Favorable (Unfavorable)
	Actual	Budget	
Cash Receipts			
State of Kansas gas tax	\$ 23,499	\$ 24,000	\$ (501)
Total Cash Receipts	23,499	24,000	(501)
Expenditures			
Contractual Service	0	1,300	1,300
Capital outlay	3,207	57,493	54,286
Total Expenditures	3,207	58,793	55,586
Receipts Over (Under) Expenditures	20,292	\$ (34,793)	\$ 55,085
Unencumbered Cash, January 1	42,797		
Unencumbered Cash, December 31	\$ 63,089		

See Accompanying Auditors' Report.

City of Cottonwood Falls
Chase County, Kansas

Schedule 2-D

Schedule of Receipts and Expenditures – Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2012

SPECIAL PARKS & RECREATION FUND

	Current Year		Variance Favorable (Unfavorable)
	Actual	Budget	
Cash Receipts			
Liquor Tax	\$ 1,572	\$ 1,558	\$ 14
Total Cash Receipts	1,572	1,558	14
Expenditures			
Parks & Recreation	2,657	4,270	1,613
Total Expenditures	2,657	4,270	1,613
Receipts Over (Under) Expenditures	(1,085)	\$ (2,712)	\$ 1,627
Unencumbered Cash, January 1	2,028		
Unencumbered Cash, December 31	\$ 943		

See Accompanying Auditors' Report.

City of Cottonwood Falls
Chase County, Kansas

Schedule 2-E

Schedule of Cash Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2012

MUNICIPAL EQUIPMENT RESERVE FUND

	Current Year Actual
Cash Receipts	
Miscellaneous	\$ 1,114
Operating Transfers	<u>0</u>
Total Cash Receipts	<u>1,114</u>
Expenditures	
Capital Outlay	<u>21,556</u>
Total expenditures	<u>21,556</u>
Receipts Over (Under) Expenditures	(20,442)
Unencumbered Cash, January 1	<u>22,021</u>
Unencumbered Cash, December 31	<u><u>\$ 1,579</u></u>

See Accompanying Auditors' Report.

City of Cottonwood Falls
Chase County, Kansas

Schedule 2-F

Schedule of Cash Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2012

SWOPE PARK EQUIPMENT FUND

	Current Year Actual
Cash Receipts	
Donations	\$ 0
State of Kansas	<u>0</u>
Total Cash Receipts	<u>0</u>
Expenditures	
Capital Outlay	<u>1,065</u>
Total Expenditures	<u>1,065</u>
Receipts Over (Under) Expenditures	(1,065)
Unencumbered Cash, January 1	<u>7,376</u>
Unencumbered Cash, December 31	<u><u>\$ 6,311</u></u>

See Accompanying Auditors' Report.

City of Cottonwood Falls
Chase County, Kansas

Schedule 2-G

Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2012

STREETSCAPE FUND

	Current Year Actual
Cash Receipts	
Contributions	\$ 0
Other Receipts	0
Total Cash Receipts	0
Expenditures	
Contractual Service	43
Commodities	279
Total Expenditures	322
Receipts Over (Under) Expenditures	(322)
Unencumbered Cash, January 1	5,586
Unencumbered Cash, December 31	\$ 5,264

See Accompanying Auditors' Report.

City of Cottonwood Falls
Chase County, Kansas

Schedule 2-H

Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2012

COMMUNITY BUILDING EQUIPMENT FUND

	Current Year Actual
Cash Receipts	
Miscellaneous receipts	\$ 0
Total Cash Receipts	0
Expenditures	
Equipment	0
Total Expenditures	0
Receipts Over (Under) Expenditures	0
Unencumbered Cash, January 1	85
Unencumbered Cash, December 31	\$ 85

City of Cottonwood Falls
Chase County, Kansas

Statement 2-I

Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2012

VETERANS MEMORIAL FUND

	Current Year Actual
Cash Receipts	
Contributions	\$ 305
Flag Sales	120
Total Cash Receipts	425
Expenditures	
Contractual Service	0
Commodities	382
Total Expenditures	382
Receipts Over (Under) Expenditures	43
Unencumbered Cash, January 1	9,527
Unencumbered Cash, December 31	\$ 9,570

See Accompanying Auditors' Report.

City of Cottonwood Falls
Chase County, Kansas

Schedule 2-J

Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2012

COTTONWOOD FALLS VOLUNTEERS

	Current Year Actual
Cash Receipts	
Donations	\$ 0
Total Cash Receipts	0
Expenditures	
Contractual	0
Total Expenditures	0
Receipts Over (Under) Expenditures	0
Unencumbered Cash, January 1	80
Unencumbered Cash, December 31	\$ 80

City of Cottonwood Falls
Chase County, Kansas

Statement 2-K

Schedule of Receipts and Expenditures – Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2012

BOND AND INTEREST FUND

	Current Year		Variance Favorable (Unfavorable)
	Actual	Budget	
Cash Receipts			
County Tax	\$ 2,359	\$ 2,504	\$ (145)
Operating Transfers	0	0	0
Total Cash Receipts	<u>2,359</u>	<u>2,504</u>	<u>(145)</u>
Expenditures			
Principal	20,000	20,000	0
Interest	760	760	0
Commission and Postage	1	1	0
Transfer Out	<u>0</u>	<u>3,130</u>	<u>3,130</u>
Total Expenditures	<u>20,761</u>	<u>23,891</u>	<u>3,130</u>
Receipts Over (Under) Expenditures	(18,402)	<u>\$ (21,387)</u>	<u>\$ 2,985</u>
Unencumbered Cash, January 1	<u>20,698</u>		
Unencumbered Cash, December 31	<u>\$ 2,296</u>		

See Accompanying Auditors' Report.

City of Cottonwood Falls
Chase County, Kansas

Statement 2-L

Schedule of Receipts and Expenditures – Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2012

SEWER FUND

	Current Year		Variance Favorable (Unfavorable)
	Actual	Budget	
Cash Receipts			
Charges for Services	\$ 43,641	\$ 42,000	\$ 1,641
Other Receipts	548	0	548
Total Cash Receipts	44,189	42,000	2,189
Expenditures			
Personal	22,344	25,000	2,656
Contractual	12,113	11,000	(1,113)
Commodities	788	5,000	4,212
Capital Outlay	900	58,265	57,365
Total Expenditures	36,145	99,265	63,120
Receipts Over (Under) Expenditures	8,044	<u><u>\$ (57,265)</u></u>	<u><u>\$ 65,309</u></u>
Unencumbered Cash, January 1	43,014		
Unencumbered Cash, December 31	<u><u>\$ 51,058</u></u>		

See Accompanying Auditors' Report.

City of Cottonwood Falls
Chase County, Kansas

Statement 2-M

Schedule of Receipts and Expenditures – Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2012

SOLID WASTE FUND

	Current Year		Variance Favorable (Unfavorable)
	Actual	Budget	
Cash Receipts			
Charges for Services	\$ 96,160	\$ 99,400	\$ (3,240)
Other	0	0	0
Total Cash Receipts	96,160	99,400	(3,240)
Expenditures			
Personal	37,149	2,350	(34,799)
Contractual	46,858	100,000	53,142
Commodities	8,133	1,000	(7,133)
Capital Outlay	10,572	32,033	21,461
Total Expenditures	102,712	135,383	32,671
Receipts Over (Under) Expenditures	(6,552)	<u>\$ (35,983)</u>	<u>\$ 29,431</u>
Unencumbered Cash, January 1	29,434		
Unencumbered Cash, December 31	<u>\$ 22,882</u>		

See Accompanying Auditors' Report.

City of Cottonwood Falls
Chase County, Kansas

Statement 2-N

Schedule of Receipts and Expenditures – Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2012

WATER FUND

	Current Year		Variance
	Actual	Budget	Favorable (Unfavorable)
Cash Receipts			
Charges for Services	\$ 160,982	\$ 153,000	\$ 7,982
Miscellaneous	2,776	0	2,776
Total Cash Receipts	163,758	153,000	10,758
Expenditures			
General Administration	53,825	70,792	16,967
Production	55,030	60,000	4,970
Transmission	50,138	62,932	12,794
Total Expenditures	158,993	193,724	34,731
Receipts Over (Under) Expenditures	4,765	\$ (40,724)	\$ 45,489
Unencumbered Cash, January 1	(7,550)		
Unencumbered Cash, December 31	\$ (2,785)		

See Accompanying Auditors' Report.

City of Cottonwood Falls
Chase County, Kansas

Schedule 3

Schedule of Receipts and Disbursements
Regulatory Basis
For the Year Ended December 31, 2012

AGENCY FUNDS

<u>Fund</u>	<u>Beginning Cash Balance</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Ending Cash Balance</u>
Sales Tax	\$ 131	\$ 1,907	\$ 1,204	\$ 834
Customer Deposit	4,771	1,350	706	5,415
Payroll Tax	<u>2,166</u>	<u>47,304</u>	<u>49,356</u>	<u>114</u>
Total	<u>\$ 7,068</u>	<u>\$ 50,561</u>	<u>\$ 51,266</u>	<u>\$ 6,363</u>